

CITY OF PEABODY
PEABODY, KANSAS

Financial Statement
For the Year Ended December 31, 2012

City of Peabody, Kansas

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December 31, 2012

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Knudsen Monroe & Company LLC

INDEPENDENT AUDITOR'S REPORT

City Council
City of Peabody
Peabody, Kansas 66866

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Peabody, Kansas, as of and for the year ended December 31, 2012, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Peabody to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Peabody as of December 31, 2012, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Peabody as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of expenditures-actual and budget and individual fund schedules of cash receipts and expenditures-actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2011 Actual columns presented in the individual fund schedules of cash receipts and expenditures-actual and budget, (Schedule 2 as listed in the table of contents) are also presented for comparative analysis and are not a required part of the 2011 financial statement upon which we rendered an unqualified opinion dated June 21, 2012. The 2011 financial statements and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards at the following link <http://www.da.ks.gov/ar/muniserv/>. Such 2011 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 financial statement. The 2011 comparative information was subjected to the auditing procedures applied in the audit of the 2011 financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2011 financial statement or to the 2011 financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 comparative information is fairly stated in all material respects in relation to the 2011 financial statement as a whole.

Knudsen, Monroe & Company LLC

Certified Public Accountants
Newton, Kansas

May 10, 2013

City of Peabody, Kansas
SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Year ended December 31, 2012

Funds	Unencumbered Cash Balance 12/31/11	Receipts	Expenditures	Unencumbered Cash Balance 12/31/12	Accounts Payable and Encumbrances	Cash Balance 12/31/12
Governmental Fund Types:						
General Fund	\$ 8,811	568,281	579,400	(2,308)	5,601	3,293
Special Purpose Funds:						
Special equipment (law & fire)	18,196	4,591	11,238	11,549	-	11,549
Special highway	47,208	104,961	125,045	27,124	-	27,124
Special park and recreation	1,672	6,922	4,740	3,854	-	3,854
Municipal equipment	46	44,287	44,286	47	-	47
Capital improvement	11,599	49	11,478	170	-	170
Police DARE	793	1	-	794	-	794
Police diversion	12,862	5,960	7,147	11,675	1,151	12,826
Police LLEGB	127	-	-	127	-	127
Drug forfeiture	1,190	-	-	1,190	-	1,190
Lighting	229	158	-	387	-	387
	93,922	166,929	203,934	56,917	1,151	58,068
Debt Service Fund:						
Bond and interest	252	85,726	85,231	747	-	747
Capital Projects Fund:						
Community capacity grant	2,100	-	-	2,100	-	2,100
Business Funds:						
Water operating	13,508	266,069	269,366	10,211	23,165	33,376
Water debt service - 2000	2,646	26,800	21,277	8,169	-	8,169
Water bond reserve - 2000	23,390	2,125	-	25,515	-	25,515
Sewer operating	14,767	230,498	234,326	10,939	1,328	12,267
Sewer replacement	1,668	23,209	18,472	6,405	-	6,405
Refuse	(2,674)	68,396	65,812	(90)	5,282	5,192
	53,305	617,097	609,253	61,149	29,775	90,924
Trust Funds:						
Hart trust	100	-	-	100	-	100
Bradley estate	247	24	-	271	-	271
	347	24	-	371	-	371
Total Primary Government	\$ 158,737	1,438,057	1,477,818	118,976	36,527	155,503

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Peabody is a municipal corporation governed by an elected five-member council. These financial statements present the City of Peabody (the primary government) as the only component unit.

In addition to the primary government, the local housing authority, Indian Guide Terrace, which operates the City's housing projects, qualifies as a component unit of the City. Their financial activities are not, however, included in the accompanying financial statements.

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United State of America

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities, or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

KMAAG Regulatory Basis of Presentation and Definitions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds comprise the financial activities of the City for the year 2012.

General Fund - to account for all unrestricted resources except those required to be accounted for in another fund.

Special Purpose Funds - to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund - to account for the accumulation of resources for and the payment of interest and principal on general long-term debt, and the financing of special assessments which are general obligations of the City.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Project Fund - to account for financial resources segregated for the acquisition of major capital facilities other than those financed totally by propriety funds.

Business Funds - to account for operations that are financed and operated in a manner similar to private business enterprises, where the stated intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Trust Funds - to account for assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. The statutes provide for the following sequence and timetable in the adoption for the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication on notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The 2012 budget was amended for the Water Operating Fund, Sewer Operating Fund, and the Refuse Fund.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A legal operating budget is not required for capital project funds, trust funds, business fund bond reserve accounts, and the following special purpose funds:

Municipal Equipment Fund
Capital Improvement Fund
Police DARE Fund
Police Diversion Fund
Police LLEBG Fund

Drug Forfeiture Fund
Lighting Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

The City was not in compliance with K.S.A. 79-2935 which limits fund expenditures to the appropriated budget in the Water Operating Fund.

The City was also not in compliance with K.S.A. 10-1113 which requires that unencumbered cash balances be zero or above in each individual fund. The General Fund and Refuse Fund did not meet this requirement as of December 31, 2012.

3. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no investment policy that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices. As of December 31, 2012, the City's investments included only bank savings accounts and certificates of deposit with a fair value of \$116,616 which are not subject to investment rating.

Concentration of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

3. DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City has not designated peak periods. All deposits were legally secured at December 31, 2012.

At December 31, 2012, the City's carrying amount of deposits was \$155,503 and the bank balance was \$182,637. The balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, all of it was covered by FDIC insurance.

Composition of Cash Balance

The cash balance consisted of the following at December 31, 2012:

Amount on deposit with financial institutions	
Checking	\$ 38,887
Money Market	29,656
Time Deposits	<u>86,960</u>
	<u>\$ 155,503</u>

4. LONG-TERM DEBT

Revenue Bond Covenants

The bond transcripts for the 2000 Series A and 2000 Series B Water Utility revenue bonds require that the income from the utility's operations be an amount not less than 110 percent of the principal and interest payments for the revenue bonds for the following year. As noted in the following schedule, operations did meet the requirements for the year ended December 31, 2012.

	<u>Water</u>
Gross receipts	\$ 266,069
Expenditures, net of transfers and capital outlay	<u>231,356</u>
Net income, as defined	34,713
110% of scheduled 2013 principal and interest payments	<u>23,454</u>
Net income over (under) amount required	<u>\$ 11,259</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

4. LONG-TERM DEBT (continued)

In addition to the requirement above, the transcripts for the revenue bonds require that the City maintain certain reserves for payment of the revenue bond principal and interest and for payment of unforeseen expenditures. As of December 31, 2012, all reserves equaled or exceeded the amounts required by the bond transcripts. Specifically, the reserves are as follows:

Revenue bond debt service - Requires monthly transfers for payment of the next maturing bond principal and interest.

Revenue bond reserve - Requires a specified balance which can only be used for debt service if monies are not otherwise available.

Revenue bond surplus reserve - Excess monies in the operating fund are to be transferred to this reserve and may be used for capital improvements, debt service, and operating expenses.

Changes in the long-term liabilities for the City for the year ended December 31, 2012 were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Maturity Date</u>	<u>Balance 12-31-11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-12</u>	<u>Interest Paid</u>
Revenue Bonds:									
2000 Water System Series A	4.750%	11/09/00	\$ 157,500	11/09/40	\$ 139,347	-	2,977	136,370	9,373
2000 Water System Series B	5.125%	11/09/00	210,600	11/09/40	187,455	-	2,308	185,147	6,619
					326,802	-	5,285	321,517	15,992
General Obligation Bonds:									
Series 2006 A	4.250%	01/04/06	465,000	01/11/46	439,896	-	5,881	434,015	18,454
Series 2006 B	4.500%	01/05/06	450,000	01/11/46	427,000	-	5,434	421,566	18,979
Series 2007	4.750%	07/30/07	95,000	08/01/17	62,000	-	9,000	53,000	2,945
Series 2009 A	3.00-6.00%	12/08/09	200,000	10/01/20	190,000	-	15,000	175,000	9,537
					1,118,896	-	35,315	1,083,581	49,915
Capital Leases Payable:									
Butler building	5.250%	05/01/06	127,000	05/01/13	41,095	-	19,960	21,135	2,187
2010 Crown Victoria	4.650%	02/25/10	19,516	03/03/12	9,989	-	9,989	-	471
NH tractor and loader	4.650%	05/20/10	33,500	05/10/13	11,137	-	11,137	-	542
					62,221	-	41,086	21,135	3,200
Total contractual indebtedness					\$ 1,507,919	-	81,686	1,426,233	69,107

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

4. LONG-TERM DEBT (continued)

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	Year ending December 31								
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018-2022</u>	<u>2023-2027</u>	<u>Thereafter</u>	<u>Total</u>
Principal									
Revenue bonds	\$ 5,588	5,861	6,148	6,408	6,762	39,068	49,610	202,072	321,517
General obligation bonds	41,315	41,912	42,432	43,976	45,446	152,011	95,385	621,104	1,083,581
Capital leases payable	<u>21,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,135</u>
Total principal	<u>68,038</u>	<u>47,773</u>	<u>48,580</u>	<u>50,384</u>	<u>52,208</u>	<u>191,079</u>	<u>144,995</u>	<u>823,176</u>	<u>1,426,233</u>
Interest									
Revenue bonds	15,733	15,460	15,173	14,913	14,559	67,538	56,996	76,149	276,521
General obligation bonds	48,963	47,193	45,298	43,329	41,240	175,899	148,782	306,395	857,099
Capital leases payable	<u>1,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,105</u>
Total interest	<u>65,801</u>	<u>62,653</u>	<u>60,471</u>	<u>58,242</u>	<u>55,799</u>	<u>243,437</u>	<u>205,778</u>	<u>382,544</u>	<u>1,134,725</u>
Total principal and interest	<u>\$ 133,839</u>	<u>110,426</u>	<u>109,051</u>	<u>108,626</u>	<u>108,007</u>	<u>434,516</u>	<u>350,773</u>	<u>1,205,720</u>	<u>2,560,958</u>

5. CAPITAL IMPROVEMENT PROJECTS

During the year 2003, the City began a Community Capacity Grant capital project to be financed with loans and grants. At December 31, 2012, capital project authorizations compared with expenditures from inception are as follows:

	<u>Project Authorization</u>	<u>Expenditures to Date</u>
Community Capacity Grant	\$ <u>15,000</u>	<u>12,900</u>

6. DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Peabody participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by Kansas law. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs 611 S. Kansas, Topeka, KS 66603-3803) or by calling 1-888-275-5737.

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

6. DEFINED BENEFIT PENSION PLAN (continued)

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4-6% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute was 7.74% at December 31, 2012. The City of Peabody contributions to KPERS for the years ending December 31, 2012, 2011 and 2010 were \$25,113, \$23,262 and \$19,502 respectively, equal to the statutory required contributions for each year.

7. COMPENSATED ABSENCES

Full-time employees earn two weeks of paid vacation upon completion of one year of employment through ten years of service. After ten years of service, employees earn three weeks of paid vacation per year. Unused vacation pay is paid to employees upon termination. Unused vacation time has not been recorded as a liability in the accompanying financial statements.

Full-time employees receive 10 days of paid time off each year. This is in lieu of paid sick time. Any paid time off not used by the end of the year is paid to the employee at the rate of ½ day for each 1 day of paid time off remaining.

8. INTERFUND TRANSACTIONS

Operating transfers during the year ended December 31, 2012, were as follows:

<u>Transfers to</u>	<u>Transfer from</u>				<u>Total</u>
	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Special Equipment Law/Fire</u>	
Special Park	4,000	-	-	-	4,000
Municipal Equipment	22,147	5,840	5,840	10,460	44,287
Bond and Interest	48,510	-	37,175	-	85,685
Sewer Replacement	-	-	18,500	-	18,500
Water Debt Service-2000	-	26,800	-	-	26,800
Water Bond Reserve-2000	-	2,125	-	-	2,125
	<u>74,657</u>	<u>34,765</u>	<u>61,515</u>	<u>10,460</u>	<u>181,397</u>

9. DATE OF MANAGEMENT'S REVIEW

Management has performed an analysis of the activities and transactions subsequent to December 31, 2012, to determine the need for any adjustments to and/or disclosures within the audited financial statements. Management has performed their analysis through May 10, 2013, which is the date at which the financial statements were available to be issued.

CITY OF PEABODY
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2012

City of Peabody, Kansas
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
Year ended December 31, 2012

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustments for Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
General	\$ 593,437	-	593,437	579,400	(14,037)
Special Purpose Funds:					
Special equipment (law & fire)	23,267	-	23,267	11,238	(12,029)
Special highway	135,000	-	135,000	125,045	(9,955)
Special park and recreation	4,800	-	4,800	4,740	(60)
Bond and Interest Fund:					
Bond and interest	85,350	-	85,350	85,231	(119)
Business Funds:					
Water operating	266,523	-	266,523	269,366	2,843
Sewer operating	248,338	-	248,338	234,326	(14,012)
Refuse	67,327	-	67,327	65,812	(1,515)
Expenditures subject to current budget	<u>\$ 1,424,042</u>	<u>-</u>	<u>1,424,042</u>	1,375,158	<u>(48,884)</u>
Add expenditures of unbudgeted funds					
Municipal equipment				44,286	
Capital improvement				11,478	
Police diversion				7,147	
Water debt service - 2000				21,277	
Sewer - replacement				18,472	
				<u>\$ 1,477,818</u>	

City of Peabody, Kansas

General Fund

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

REGULATORY BASIS

Year ended December 31, 2012

(With comparative actual amounts for the year ended December 31, 2011)

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
RECEIPTS				
Ad valorem property tax	\$ 274,346	287,090	288,872	(1,782)
Intangible tax	2,113	1,815	-	1,815
Delinquent tax	7,379	9,991	8,000	1,991
Motor Vehicle tax	41,019	40,213	43,181	(2,968)
Liquor tax	1,534	1,742	1,000	742
Franchise tax	68,604	65,885	72,000	(6,115)
Licenses and permits	6,984	5,688	3,800	1,888
County sales tax	75,422	75,769	80,000	(4,231)
Highway connecting links	418	557	575	(18)
Fines	58,513	45,772	23,000	22,772
Interest on investments	29	18	100	(82)
Pool receipts	6,745	6,667	10,000	(3,333)
Reimbursements	38,412	17,919	12,000	5,919
Sale of land	51,637	-	-	-
Miscellaneous	9,291	9,155	11,000	(1,845)
Total Cash Receipts	642,446	568,281	553,528	14,753
EXPENDITURES, page 13	677,188	579,400		
Receipts Over (Under) Expenditures	(34,742)	(11,119)		
UNECUMBERED CASH, Beginning	43,553	8,811		
UNECUMBERED CASH, Ending	\$ 8,811	(2,308)		

City of Peabody, Kansas

General Fund

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

REGULATORY BASIS

Year ended December 31, 2012

(With comparative actual amounts for the year ended December 31, 2011)

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
EXPENDITURES				
General Government				
Personal services	\$ 62,189	75,371	68,350	7,021
Contractual services	46,721	72,755	39,550	33,205
Commodities	1,537	3,142	4,100	(958)
Reimbursed expenses	16,302	8,551	9,000	(449)
Capital outlay	3,590	-	-	-
	<u>130,339</u>	<u>159,819</u>	<u>121,000</u>	<u>38,819</u>
Street				
Contractual services	1,620	430	-	430
Commodities	378	13	-	13
	<u>1,998</u>	<u>443</u>	<u>-</u>	<u>443</u>
Police				
Personal services	184,375	173,320	181,600	(8,280)
Contractual services	15,586	16,199	23,450	(7,251)
Commodities	21,603	23,383	26,600	(3,217)
	<u>221,564</u>	<u>212,902</u>	<u>231,650</u>	<u>(18,748)</u>
Fire				
Personal services	1,438	1,342	1,500	(158)
Contractual services	4,186	2,664	5,125	(2,461)
Commodities	1,410	465	175	290
	<u>7,034</u>	<u>4,471</u>	<u>6,800</u>	<u>(2,329)</u>
Park				
Personal services	6,674	6,582	5,525	1,057
Contractual services	5,950	3,297	4,300	(1,003)
Commodities	7,214	5,636	7,400	(1,764)
	<u>19,838</u>	<u>15,515</u>	<u>17,225</u>	<u>(1,710)</u>
Swimming Pool				
Personal services	16,502	15,838	20,950	(5,112)
Contractual services	1,421	1,054	2,750	(1,696)
Commodities	9,050	7,241	8,100	(859)
Capital outlay	-	-	450	(450)
	<u>26,973</u>	<u>24,133</u>	<u>32,250</u>	<u>(8,117)</u>
Other contractual services	115	-	1,000	(1,000)
Utilities	36,911	36,794	37,000	(206)
Economic Development	51,339	50,666	50,312	354
Transfers				
Special Park	4,000	4,000	4,000	-
Capital Improvement	121,300	-	9,250	(9,250)
Bond and Interest	43,630	48,510	60,800	(12,290)
Municipal Equipment	12,147	22,147	22,150	(3)
	<u>269,442</u>	<u>162,117</u>	<u>184,512</u>	<u>(22,395)</u>
Total Expenditures	<u>\$ 677,188</u>	<u>579,400</u>	<u>593,437</u>	<u>(14,037)</u>

See Independent Auditor's Report

City of Peabody, Kansas

Special Purpose Funds

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

REGULATORY BASIS

Year ended December 31, 2012

(With comparative actual amounts for the year ended December 31, 2011)

		2012		Variance -
	2011	Actual	Budget	Over
	Actual			(Under)
<u>SPECIAL EQUIPMENT (LAW & FIRE) FUND</u>				
CASH RECEIPTS				
Taxes and Shared Revenue:				
Ad valorem property tax	\$ 3,914	3,977	4,005	(28)
Delinquent tax	62	96	-	96
Vehicle tax	294	518	616	(98)
Total Cash Receipts	4,270	4,591	4,621	(30)
EXPENDITURES				
Contractual services	-	-	12,817	(12,817)
Commodities	-	778	-	778
Operating transfers	10,450	10,460	10,450	10
Total Expenditures	10,450	11,238	23,267	(12,029)
Cash Receipts Over (Under) Expenditures	(6,180)	(6,647)		
Unencumbered Cash, Beginning	24,376	18,196		
Unencumbered Cash, Ending	\$ 18,196	11,549		
<u>SPECIAL HIGHWAY FUND</u>				
CASH RECEIPTS				
State payments-gasoline tax	\$ 31,341	31,203	32,880	(1,677)
City sales tax	71,600	73,758	80,000	(6,242)
Total Cash Receipts	102,941	104,961	112,880	(7,919)
EXPENDITURES				
Capital outlay	454	-	-	-
Commodities	17,466	17,059	35,000	(17,941)
Contractual services	147,497	107,986	100,000	7,986
Total Expenditures	165,417	125,045	135,000	(9,955)
Cash Receipts Over (Under) Expenditures	(62,476)	(20,084)		
Unencumbered Cash, Beginning	109,684	47,208		
Unencumbered Cash, Ending	\$ 47,208	27,124		

City of Peabody, Kansas

Special Purpose Funds

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

Year ended December 31, 2012

(With comparative actual amounts for the year ended December 31, 2011)

		2012		Variance - Over (Under)
	2011 Actual	Actual	Budget	
<u>SPECIAL PARK AND RECREATION FUND</u>				
CASH RECEIPTS				
Liquor tax	\$ 1,534	1,742	900	842
Other	-	1,180	-	1,180
Operating Transfers	4,000	4,000	4,000	-
Total Cash Receipts	5,534	6,922	4,900	2,022
EXPENDITURES				
Capital outlay	3,938	4,740	4,800	(60)
Cash Receipts Over (Under) Expenditures	1,596	2,182		
Unencumbered Cash, Beginning	76	1,672		
Unencumbered Cash, Ending	\$ 1,672	3,854		

City of Peabody, Kansas
Special Purpose Funds
 SCHEDULE OF CASH RECEIPTS AND EXPENDITURES
 REGULATORY BASIS
 Year ended December 31, 2012
 (With comparative actual amounts for the year ended December 31, 2011)

	<u>2011</u>	<u>2012</u>
<u>MUNICIPAL EQUIPMENT FUND</u>		
CASH RECEIPTS		
Transfer from Sewer Operating	20,279	5,840
Transfer from Water Operating	10,279	5,840
Transfer from Special Equipment (law and fire)	10,450	10,460
Transfer from General Fund	<u>12,147</u>	<u>22,147</u>
Total Cash Receipts	53,155	44,287
EXPENDITURES		
Capital outlay	<u>53,164</u>	<u>44,286</u>
Cash Receipts Over (Under) Expenditures	(9)	1
Unencumbered Cash, Beginning	<u>55</u>	<u>46</u>
Unencumbered Cash, Ending	<u>46</u>	<u>47</u>
<u>CAPITAL IMPROVEMENT FUND</u>		
CASH RECEIPTS		
Transfer from General Fund	121,300	-
Transfer from Refuse Operating	10,000	-
Transfer from Water Operating	1,000	-
Transfer from Sewer Operating	1,500	-
Interest	<u>74</u>	<u>49</u>
Total Cash Receipts	133,874	49
EXPENDITURES		
Capital outlay	<u>123,035</u>	<u>11,478</u>
Cash Receipts Over (Under) Expenditures	10,839	(11,429)
Unencumbered Cash, Beginning	<u>760</u>	<u>11,599</u>
Unencumbered Cash, Ending	<u>11,599</u>	<u>170</u>

City of Peabody, Kansas
Special Purpose Funds
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES
REGULATORY BASIS

Year ended December 31, 2012
(With comparative actual amounts for the year ended December 31, 2011)

	<u>2011</u>	<u>2012</u>
<u>POLICE DARE FUND</u>		
CASH RECEIPTS		
Other	\$ 2	1
EXPENDITURES	<u>-</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	2	1
Unencumbered Cash, Beginning	791	793
Unencumbered Cash, Ending	<u>\$ 793</u>	<u>794</u>
 <u>POLICE DIVERSION FUND</u>		
CASH RECEIPTS		
Diversion fees	\$ 6,875	5,960
EXPENDITURES	<u>2,846</u>	<u>7,147</u>
Cash Receipts Over (Under) Expenditures	4,029	(1,187)
Unencumbered Cash, Beginning	8,833	12,862
Unencumbered Cash, Ending	<u>\$ 12,862</u>	<u>11,675</u>
 <u>POLICE LLEBG FUND</u>		
CASH RECEIPTS	\$ -	-
EXPENDITURES	<u>-</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	127	127
Unencumbered Cash, Ending	<u>\$ 127</u>	<u>127</u>

City of Peabody, Kansas
Special Purpose Funds
 SCHEDULE OF CASH RECEIPTS AND EXPENDITURES
 REGULATORY BASIS
 Year ended December 31, 2012
 (With comparative actual amounts for the year ended December 31, 2011)

	<u>2011</u>	<u>2012</u>
<u>DRUG FORFEITURE FUND</u>		
CASH RECEIPTS	\$ -	-
EXPENDITURES	<u>-</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>1,190</u>	<u>1,190</u>
Unencumbered Cash, Ending	<u>\$ 1,190</u>	<u>1,190</u>
 <u>LIGHTING FUND</u>		
CASH RECEIPTS	\$ -	158
EXPENDITURES	<u>132</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	(132)	158
Unencumbered Cash, Beginning	<u>361</u>	<u>229</u>
Unencumbered Cash, Ending	<u>\$ 229</u>	<u>387</u>

City of Peabody, Kansas

Bond and Interest Fund

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

REGULATORY BASIS

Year ended December 31, 2012

(With comparative actual amounts for the year ended December 31, 2011)

		2012		
	2011			Variance -
	Actual	Actual	Budget	Over (Under)
<u>BOND AND INTEREST FUND</u>				
CASH RECEIPTS				
Interest	\$ 36	41	-	41
Transfer from Sewer Operating	44,800	37,175	24,550	12,625
Transfer from General Fund	43,630	48,510	60,800	(12,290)
Total Cash Receipts	<u>88,466</u>	<u>85,726</u>	<u>85,350</u>	<u>376</u>
EXPENDITURES				
Principal	29,939	35,315	63,400	(28,085)
Interest	58,936	49,915	21,950	27,965
Other	1	1	-	1
Total Expenditures	<u>88,876</u>	<u>85,231</u>	<u>85,350</u>	<u>(119)</u>
Cash Receipts Over (Under) Expenditures	(410)	495		
Unencumbered Cash, Beginning	662	252		
Unencumbered Cash, Ending	<u>\$ 252</u>	<u>747</u>		

City of Peabody, Kansas
Capital Project Fund
 SCHEDULE OF CASH RECEIPTS AND EXPENDITURES
 REGULATORY BASIS
 Year ended December 31, 2012

	<u>Community Capacity Grant</u>
CASH RECEIPTS	\$ -
EXPENDITURES	<u>-</u>
Cash Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	<u>2,100</u>
Unencumbered Cash, Ending	<u><u>\$ 2,100</u></u>

City of Peabody, Kansas

Business Funds

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

REGULATORY BASIS

Year ended December 31, 2012

(With comparative actual amounts for the year ended December 31, 2011)

		2012		Variance -
	2011	Actual	Budget	Over
	Actual			(Under)
WATER OPERATING				
CASH RECEIPTS				
Sale of water	\$ 236,313	247,487	240,000	7,487
Penalties	7,722	5,974	7,900	(1,926)
Connect and reconnect fees	-	7,177	4,525	2,652
Miscellaneous	7,385	3,683	3,202	481
Reimbursements	4,977	1,601	221	1,380
Interest	312	147	185	(38)
Total Cash Receipts	<u>256,709</u>	<u>266,069</u>	<u>256,033</u>	<u>10,036</u>
EXPENDITURES				
Personal services	99,829	95,140	95,647	(507)
Contractual services	34,021	40,154	35,729	4,425
Commodities	8,899	17,137	15,932	1,205
Capital outlay	7,951	3,245	10,250	(7,005)
Purchase of water	74,866	78,925	79,000	(75)
Transfers				
Municipal Equipment	10,279	5,840	5,840	-
Capital Improvement	1,000	-	-	-
Water Debt Service-2000	22,000	26,800	22,000	4,800
Water Bond Reserve-2000	2,125	2,125	2,125	-
Total Expenditures	<u>260,970</u>	<u>269,366</u>	<u>266,523</u>	<u>2,843</u>
Cash Receipts Over (Under) Expenditures	(4,261)	(3,297)		
Unencumbered Cash, Beginning	17,769	13,508		
Unencumbered Cash, Ending	<u>\$ 13,508</u>	<u>10,211</u>		

City of Peabody, Kansas

Business Funds

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES

REGULATORY BASIS

Year ended December 31, 2012

(With comparative actual amounts for the year ended December 31, 2011)

	<u>2011</u>	<u>2012</u>
<u>WATER DEBT SERVICE-2000</u>		
CASH RECEIPTS		
Transfer from Water Operating	\$ 22,000	26,800
EXPENDITURES		
Principal	5,081	5,285
Interest	16,240	15,992
Total Expenditures	<u>21,321</u>	<u>21,277</u>
Cash Receipts Over (Under) Expenditures	679	5,523
Unencumbered Cash, Beginning	1,967	2,646
Unencumbered Cash, Ending	<u>\$ 2,646</u>	<u>8,169</u>
 <u>WATER BOND RESERVE-2000</u>		
CASH RECEIPTS		
Transfer from Water Operating	\$ 2,125	2,125
EXPENDITURES	<u>-</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	2,125	2,125
Unencumbered Cash, Beginning	21,265	23,390
Unencumbered Cash, Ending	<u>\$ 23,390</u>	<u>25,515</u>

City of Peabody, Kansas

Business Funds**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET****REGULATORY BASIS**

Year ended December 31, 2012

(With comparative actual amounts for the year ended December 31, 2011)

		2012		Variance -
	2011	Actual	Budget	Over
	Actual			(Under)
<u>SEWER OPERATING</u>				
CASH RECEIPTS				
Sewer fees	\$ 222,926	225,716	228,000	(2,284)
Penalties	3,944	4,552	5,500	(948)
Other	328	230	129	101
Transfer from Sewer-Lagoon Fund	690	-	-	-
Total Cash Receipts	227,888	230,498	233,629	(3,131)
EXPENDITURES				
Personal services	106,806	123,664	126,979	(3,315)
Contractual services	26,918	29,067	28,441	626
Commodities	19,511	18,781	20,403	(1,622)
Capital outlay	2,018	1,299	11,000	(9,701)
Transfers				
Municipal Equipment	20,279	5,840	5,840	-
Bond and Interest	44,800	37,175	37,175	-
Capital Improvement	1,500	-	-	-
Sewer Replacement	8,000	18,500	18,500	-
Total Expenditures	229,832	234,326	248,338	(14,012)
Cash Receipts Over (Under) Expenditures	(1,944)	(3,828)		
Unencumbered Cash, Beginning	16,711	14,767		
Unencumbered Cash, Ending	\$ 14,767	10,939		
<u>SEWER REPLACEMENT</u>				
CASH RECEIPTS				
Special assessments	\$ 584	923		
Interest	85	36		
Land lease	-	3,750		
Transfer from Sewer Operating	8,000	18,500		
Total Cash Receipts	8,669	23,209		
EXPENDITURES				
Capital outlay	8,200	18,472		
Cash Receipts Over (Under) Expenditures	469	4,737		
Unencumbered Cash, Beginning	1,199	1,668		
Unencumbered Cash, Ending	\$ 1,668	6,405		

City of Peabody, Kansas

Business Funds

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

REGULATORY BASIS

Year ended December 31, 2012

(With comparative actual amounts for the year ended December 31, 2011)

		2012		Variance - Over (Under)
	2011 Actual	Actual	Budget	
<u>REFUSE FUND</u>				
CASH RECEIPTS				
Refuse fees	\$ 64,747	66,340	68,200	(1,860)
Penalties	2,247	2,023	2,350	(327)
Other	115	33	95	(62)
Total Cash Receipts	<u>67,109</u>	<u>68,396</u>	<u>70,645</u>	<u>(2,249)</u>
EXPENDITURES				
Contractual services	65,738	64,235	67,324	(3,089)
Commodities	2,217	1,577	3	1,574
Transfer to Capital Improvement	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>77,955</u>	<u>65,812</u>	<u>67,327</u>	<u>(1,515)</u>
Cash Receipts Over (Under) Expenditures	(10,846)	2,584		
Unencumbered Cash, Beginning	<u>8,172</u>	<u>(2,674)</u>		
Unencumbered Cash, Ending	\$ (2,674)	(90)		

City of Peabody, Kansas
Trust Funds
 SCHEDULE OF CASH RECEIPTS AND EXPENDITURES
 REGULATORY BASIS
 Year ended December 31, 2012
 (With comparative actual amounts for the year ended December 31, 2011)

	<u>2011</u>	<u>2012</u>
<u>HART TRUST</u>		
CASH RECEIPTS		
Interest	\$ 19	24
EXPENDITURES	<u>-</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	19	24
Unencumbered Cash, Beginning	81	100
Unencumbered Cash, Ending	<u>\$ 100</u>	<u>124</u>
 <u>BRADLEY ESTATE</u>		
CASH RECEIPTS	\$ -	-
EXPENDITURES	<u>-</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	247	247
Unencumbered Cash, Ending	<u>\$ 247</u>	<u>247</u>